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C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 003579

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SUBJECT: THE NATIONAL INVESTMENT COMMISSIONER WHO NEVER WAS

REF: A. EMBASSY BAGHDAD O/I 09-22-08

[1](#)B. BAGHDAD 2811

Classified By: Economic Counselor Michael Dodman, for reasons 1.4 (b,d)

[1](#)1. (C) SUMMARY: The GOI dismissed National Investment Commission Chairman-Designate Ahmed Ridha the first week in November. Ridha had become deeply unpopular in senior Iraqi political circles, and rumors of his possible removal had been circulating for many weeks. Thamir Ghadban, head of the PM,s Economic Advisory Board and a former oil minister, will replace Ridha on an acting, basis. Despite the improving security situation, attracting non-oil sector investment remains very challenging. Most cabinet ministers and investment commissioners are far more interested in creating or bending whatever rules necessary to attract big-ticket, multi-million dollar investments. Indeed, Ridha over his tenure boasted that the NIC attracted \$74 billion in direct investment, and loudly blamed the GOI for the fact that only \$6 million of that amount had actually broken ground. If he is to be effective, the new NIC Chairman will need not only to play nice with the cabinet, which can still easily delay or quash any project, but also focus on building a body of regulations and procedures that facilitate both big-ticket and small and medium investors. End Summary.

No Longer Acting

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[1](#)2. (C) On Nov. 2, the Council of Ministers (COM) voted unanimously to remove Ahmed Ridha from his position as NIC Chairman-designate. Ridha, who served in an acting capacity since the PM named him a year ago, had become increasingly frustrated with the COM,s refusal to confirm him and perceived GOI inaction in promoting and facilitating foreign domestic investment in Iraq. Ridha, who worked as an investment consultant in the UAE before returning to Iraq to head up the NIC, consistently claimed to enjoy the PM,s full confidence, and he worked aggressively as Chairman-designate to attract FDI. However, he had no real political constituency and in recent months he had begun to vent publicly his frustration with government ministers who he alleged were impeding his ability to do his job (Reftel A). His public 'calling out' of senior political leaders culminated at the November 1 US-Iraq Dialogue on Business and Investment Climate, where he complained bitterly that the COM,s inaction was holding up some \$68 million of the \$74 billion in FDI the NIC had "attracted" to Iraq over the past 10 months.

[1](#)3. (C) Ridha,s Nov. 1 speech was apparently the last straw, and cabinet voted unanimously the next day to fire Ridha during its weekly meeting. Saeed Jabour, a senior staff member in the National Security Advisor,s office, told us that PM Maliki at first defended Ridha, saying he had hired him based on his resume and his achievements in Dubai, rather than his "politics." However, the ministers complained

that Ridha should not have publicly embarrassed the government at the US-Iraq Business Dialogue, without first raising these concerns directly to the COM, Jabour reported. After hearing ministers' concerns, the PM called for a no confidence vote, which was unanimous. In the end, contacts at the NIC told us that Ridha's actual sacking occurred in much the same way as his appointment, i.e., little was done officially, communication was minimal, and Ridha even reported for work for at least two days after Cabinet had made its decision.

#### Too Much Focus on the Big Ticket

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¶4. (SBU) Ridha's tenure as Chairman-designate was marked by a handful of significant successes. He staffed the NIC office, and he facilitated the standing up of a Provincial Investment Commission in almost every province -- a process that often required him to mediate political infighting among powerful tribal or provincial leaders. He also drafted implementing regulations for the National Investment Law, although they still remain stuck in the COM. These are not meager accomplishments, when one considers that most Iraqis -- especially in the provinces -- still define "investment" as a government ministry's rolling into town, identifying a perceived need (often with little local consultation), and paying for a project that may or may not address it. And, as Ridha learned through his clashes, it appears many government ministers are happy to continue to foster that misunderstanding.

¶5. (C) Still, Ridha was not without his weaknesses. His

BAGHDAD 00003579 002 OF 002

public and private denigration of cabinet ministers created powerful enemies, and his allegation that their inaction prevented more than 90 percent of investments from being implemented was not the whole story. Ridha displayed a tendency to focus on "big ticket" investments, frequently boasting about the luxury hotels, state-of-the-art medical villages and ultra-modern housing schemes he had brokered. However, by his own admission, he had to bend rules and make promises that were clearly not backed by Iraqi law or regulation to secure these commitments. (At a Paris OECD conference, Ridha suggested that investors should break their large investments into smaller "chunks" of \$250 million or less -- this amount being the ceiling for what the NIC could approve without needing COM approval. While the suggestion might have quickened the process for certain big investors, doing so would have violated Iraqi law.) In addition, Ridha was at times impatient with smaller-scale investors, and he rarely seem inclined to champion the regulatory changes and institution building that they needed.

#### Ghadban Named New (Acting) NIC Chairman

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¶6. (C) Thamir Ghadban, head of the PM's Economic Advisory Council and a former oil minister, has stepped in to replace Ridha on an interim basis. (He will continue to serve as head of the Advisory Council.) Ghadban is an accomplished technocrat who has established a strong reputation within the GOI both for his skills and for his ability to get things done. Ghadban and his staff currently play a central role on energy issues and general economic reform, including private sector development. He has also taken responsibility for providing policy planning control of International Compact with Iraq structures. (Comment: It has been widely rumored that Ahmed Chalabi is lobbying to replace Ghadban as head of the PM's Economic Advisory Council. It is not clear yet if Ridha's sacking will bring about a broader shuffle of sub-cabinet positions that could include bringing Chalabi back into a senior position.) Several names, including former Finance Minister Ali Allawi, are currently

in play as possible permanent replacements for Ridha as NIC Chair. Whomever the PM appoints will have to win confirmation by the Council of Representatives, a feat no NIC chairman-designate has yet to accomplish.

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